

Message Text

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ACTION ERDA-07

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FM AMEMBASSY BUENOS AIRES

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SUBJ: BACKGROUND INFORMATION ON ARGENTINE ENERGY PROGRAM WITH SPECIAL
REFERENCE TO R&D PRIORITIES AND BUDGETS

REF: STATE 301432

1. SUMMER VACATION SCHEDULES OF GOA OFFICIALS AND ABSENCE OF SCIENTIFIC COUNSELOR ON HOME LEAVE HAVE HINDERED EMBASSY EFFORTS TO GENERATE COMPLETE INFORMATION ON THE SUBJECT OF GOA ENERGY POLICY. HOWEVER, PREVIOUS REPORTING (BA A-65 AND A-6) SUGGESTS THAT GOA IS CONCENTRATING INVESTMENT AND R&D EFFORTS ON THE DEVELOPMENT OF RENEWABLE RESOURCES. A PRINCIPAL OBJECTIVE OF THE CURRENT FIVE-YEAR PLAN FOR ELECTRIC POWER PLANT CONSTRUCTION (1975-80) IS TO REDUCE DEPENDENCE ON IMPORTED PETROLEUM.

2. ALTHOUGH FUTURE CAPITAL INVESTMENT WILL BE CONCENTRATED ON HYDROELECTRIC SOURCES, THIS INVESTMENT DOES NOT REPRESENT A R&D EFFORT. PLANS CALL FOR USING AVAILABLE AND LARGELY IMPORTED TECHNOLOGY WHICH COULD GENERATE OVER THE NEXT YEARS TRADE OPPORTUNITIES WORTH APPROXIMATELY US\$5 BILLION FOR OVERSEAS FIRMS (SEE BA 3406). ALTHOUGH HYDROELECTRIC DEVELOPMENT WILL CONTINUE TO DOMINATE GOA STRATEGY IN THE ENERGY FIELD AND WILL BY 1980 ALTER THE STRUCTURE OF ARGENTINA'S POWER SECTOR
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IN THAT DIRECTION, GOA WILL GO AHEAD WITH PLANS TO DEVELOP

OTHER ENERGY SOURCES. IT IS IN THESE OTHER AREAS THAT R&D, AS WE UNDERSTAND THE TERM, WILL HAVE GREATEST IMPACT.

3. IN RESPONSE TO PART IA OF REFTTEL, AVAILABLE INFORMATION AND RECENT CONVERSATIONS WITH LOWER LEVEL GOA OFFICIALS SUGGEST FORLLLOWING ORDERING OF R&D PRIORITIES, WITH NUCLEAR RECEIVIGN AN OVERWHELMING EMPHASIS:

1. NUCLEAR

2. SOLAR AND GETHERMAL

3. COAL GASIFICATION

4. EOLIC

4. IN RESPONSE TO IIB OF REFTTEL, ONLY FRAGMENTARY INFORMATION IS AVAILABLE AT THIS TIME. THE ARGENTINE CONGRESS IS STILL DEBATING THE 1976 BUDGET. IN ADDITION, THE CURRENT HIGH RATE OF INFLATION EXPERIENCED BY THE ARGENTINE ECONOMY HAVE MADE PROJECTIONS EXTREMELY DIFFICULT AND LARGELY MEANINGLESS. NEVERTHELESS, THE FOLLOWING OBSERVATIONS CAN BE MADE:

I. THE NUCLEAR R&D PROGRAM IS ADMINISTERED BY CNEA (COMICION NACIONAL DE ENERGIA ATOMICA) EMBASSY HAS NOT BEEN ABLE TO DETERMINE ANNUAL EXPENDITURES, BUT IT IS OUR FEELING THAT THEY HAVE FAR AWAY ABSORBED THE GREATEST PART OF THE OVERALL R&D ENERGY BUDGET. IT HAS BEEN STATED PUBLICLY BY CNEA PRESIDENT IRAOLAGOITIA THAT THE EQUIVALENT OF US\$ 110 MILLION HAD BEEN INVESTED IN THE 1960'S TO PROMOTE NUCLEAR DEVELOPMENT AND THAT PRESENT PLANS CALL FOR INVESTING ABOUT US\$3.7 BILLION DURING THE PERIOD 1975/85.

II. CNEGH (COMISION NACIONAL DE ESTUDIOS GEOHELIOFISICOS) IS THE GROUP RESPONSIBLE FOR THE ARGENTINE SOLAR ENERGY PROGRAM. IN ADDITION TO CONDUCTING THEIR OWN RESEARCH AT THE NATIONAL LEVEL, CNEGH IS COORDINATING THE RESEARCH OF 22 GROUPS AT THE PROVINCIAL LEVEL. EMBASSY IS FINFORMED THAT 70 INVESTIGATORS ARE INVOLVED IN CNEGH PROJECTS. 1975 FISCAL YEAR BUDGET RAN 40 TO 50 MILLION PESOS, WHICH AT THE CURRENT NORMAL FINANCIAL UNCLASSIFIED

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RATE OF 63.10 PESOS PER DOLLAR WOULD BE EQUIVALENT US\$ 0.6 MILLION TO 0.8 MILLION. IT IS EXPECTED THAT THE PESO BUDGET WILL BE HIGHER IN 1976, BUT WHAT THIS MAY MEAN IN U.S. DOLLARS IS INDETERMINATE, DUE TO INFLATION RATE CHANGES IN FOREIGN EXCHANGE RATE.

III. GEOTHERMAL R&D IS ADMINISTERED BY SECRETARIA DE ENERGIA. EFFORTS SO FAR HAVE DIRECTED TO EXPLORATION, WHICH

IS NOW JUST BEGINNING. AS YET, NOTHING HAS BEEN DONE ON DEVELOPMENT AND CAPITAL INVESTMENT. BUDGETARY FIGURES FOR LAST YEAR ARE EXTREMELY DIFFICULT TO FORMULATE, SINCE THEY ARE BURIED IN THE BUDGET OF YACIMIENTOS PETROLIFEROS FISCALES, THE GOA STATE OIL CORPORATION. EMBASSY IS INFORMED THAT THE SUMS INVOLVED ARE "MINIMAL".

IV. WITH RESPECT TO EOLIC AND COAL GASIFICATION, EMBASSY, IS INFORMED THAT SOME RESEARCH IS BEING DONE, BUT ON A VERY REDUCED SCALE. THIS MAY INVOLVE NO MORE THAN KEEPING ABREAST OF DEVELOPMENT OVERSEAS.

5. EMBASSY CONTINUING EFFORTS TO OBTAIN FURTHER INFORMATION TO FORWARD

TO THE DEPARTMENT.

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